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**RETIRED STREETS AND SANITATION COMMISSIONER SANCHEZ
AND SECOND CITY EMPLOYEE INDICTED ON HIRING FRAUD CHARGES**

CHICAGO – A retired commissioner of the City of Chicago’s Department of Streets and Sanitation and a Chicago police officer who has held various city jobs, both of whom were high-level leaders of the Hispanic Democratic Organization (HDO), a citywide political campaign organization, were indicted today on federal charges in connection with the ongoing investigation of city hiring and promotion fraud. The retired commissioner, **Alfred Sanchez**, a principal organizer for HDO, was charged with engaging in a systematic fraud scheme to provide city jobs, promotions and other employment benefits to induce and reward political campaign work. The second defendant, **Aaron Delvalle**, who assisted Sanchez in coordinating HDO activities and who received immunity from prosecution relating to this investigation, was charged with perjury for allegedly lying to the federal grand jury about his HDO activities.

Sanchez, 59, of Chicago, was charged with nine counts of mail fraud, and Delvalle, 34, of Chicago, was charged with one count of perjury in a 10-count indictment returned today by a federal grand jury. Both defendants will be arraigned at a later date in U.S. District Court.

The charges were announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, together with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; James Vanderberg, Special Agent-in-Charge of the U.S. Department of Labor Office of Inspector General in Chicago; and Kenneth T. Laag, Inspector-in-Charge of the U.S. Postal Inspection Service in Chicago.

The investigation of fraudulent city hiring and promotion practices stems from the federal investigation of corruption in the city's Hired Truck Program. Four previous defendants, including Robert Sorich, who was a high-ranking official in the Mayor's Office of Intergovernmental Affairs (IGA), were sentenced last year after being convicted of rigging city hiring and promotion practices to reward political campaign work. Sanchez and Delvalle are the 47th and 48th defendants, including more than 20 current or former city employees, who have been charged since January 2004. Forty-four defendants have been convicted, one is deceased, and the remainder are pending.

Sanchez was commissioner of Streets and Sanitation from June 1999 until he retired in June 2005, and was deputy commissioner from 1995 to 1999. The department has about 4,000 workers and is responsible for garbage collection, snow removal, street sweeping, rodent abatement, street lamp maintenance, graffiti removal, and tree trimming and planting. Before joining Streets and Sanitation, Sanchez worked in the city's Health Department and was the First Deputy Director of the Mayor's Office of Information and Inquiry (I&I), where he performed certain personnel duties in both of those departments.

Delvalle has been a city employee since April 1997, working at various times in I&I, Streets and Sanitation and the Chicago Police Department.

According to the indictment, Sanchez served as a principal organizer for HDO, which was formed in the early 1990s and had many city employees among its hundreds of individual participants who were active in political campaigns and voter outreach activities, and HDO was divided into geographic divisions. Sanchez was head of HDO Southeast, which had as many as 500 individual participants who performed political work on behalf of HDO-selected candidates during its peak years. Beginning in 1999, Delvalle assisted Sanchez in coordinating HDO Southeast activities.

Generally, specific political directives were disseminated through a hierarchical system in HDO Southeast, with Sanchez, typically through Delvalle, informing approximately six to eight “Political Coordinators,” each of whom directed certain individual participants, as to the particular political assignments.

Sanchez alone was charged with engaging in a fraud scheme beginning no later than 1994 through early 2005. As part of the alleged scheme, Sanchez and uncharged co-schemers Individual A (who was the overall leader of HDO), Robert Sorich, Jack Drumgould, Delvalle, Patrick Slattery, Roberto Medina and various other city employees and officials, engaged in the following conduct:

- ▶ while he was employed at I&I and Streets and Sanitation, Sanchez and certain co-schemers engaged in a systematic effort to provide public financial benefits, in the form of city jobs, promotions, and other employment benefits, in order to induce and reward campaign work to benefit HDO and other private political organizations;
- ▶ Sanchez and other co-schemers corrupted the city’s personnel process by awarding city job-related benefits in non-policymaking positions to applicants selected by Sanchez and IGA officials by: falsifying and causing the falsification of ratings forms; signing and causing the signing of fraudulent *Shakman* certifications; and otherwise granting preferential treatment;
- ▶ in the case of “mass” hiring sequences, Sanchez negotiated a certain portion of the total available positions with IGA officials in order to award the positions to individuals selected by Sanchez on the basis of their work on

behalf of HDO. Applying political and other considerations, IGA selected the remainder of the candidates for the particular hiring sequence; and

- ▶ the individual HDO Southeast participants who received job-related benefits included individuals who provided Sanchez with various personal services and things of value, including home repair work, snow removal, lawn care and yard work.

The indictment alleges that Delvalle, acting on Sanchez's behalf, informed individual HDO Southeast participants, including Political Coordinators, that requests for city job benefits be made through the individual's Political Coordinator. Such requests included requests for a) entry-level city jobs; b) promotions to other city positions; c) increased overtime opportunities; d) transfers to more desirable work locations; e) pay increases and f) other job benefits for themselves, family members and other favored individuals. In submitting requests to Sanchez and Delvalle, Political Coordinators often provided specific information regarding the HDO participant's level of political involvement.

The co-schemers allegedly tracked and maintained records relating to city job-related requests on behalf of HDO participants, and officials of HDO North and HDO South also submitted requests for city employment benefits at Streets and Sanitation to IGA officials and Sanchez on behalf of other HDO volunteers.

When he was an I&I official, Sanchez allegedly caused false and fraudulent ratings forms to be signed in order to favor his selections in the award of city job-related benefits. Sanchez and Medina, while at I&I, signed false and fraudulent *Shakman* certifications, attesting that political considerations played no role in I&I's hiring sequences, when in fact, they knew that certain hiring decisions were based, in substantial part, on the applicant's political participation.

At Streets and Sanitation, Sanchez and Drumgould allegedly caused certain individual HDO Southeast participants to become eligible to be interviewed for certain hiring sequences, even on occasions when the positions were closed to applications from the general public, and receipt of applications was not permitted under City hiring guidelines.

Sanchez allegedly directed Drumgould to take action on behalf of his selections in order to award city job-related benefits to those individuals, including awards relating to the following “mass” hiring and individual hiring sequences: 2004 General Foreman of Lineman, 2004 Career Service Laborer, 2004 Career Service Motor Truck Driver (MTD), 2003 Seasonal Laborer, 2002 Career Service MTD, 2002 Seasonal MTD and 2002 Lamp Maintenance Man.

As part of the alleged scheme, Sanchez also opposed the implementation of a lottery process for certain entry-level mass hiring sequences in order to retain his ability to influence the award of city job-related benefits to his selections.

According to the perjury count against Delvalle, on February 6, 2007 he was issued a letter of immunity, requiring his “complete, accurate and truthful” testimony before the grand jury. The letter explicitly informed Delvalle that if the United States Attorney’s Office determined that he had violated any provision, or failed to give accurate and truthful information and testimony, then his statements could be used against him in a prosecution for perjury or false statements or other criminal proceedings. Delvalle, who was represented by an attorney, signed the immunity letter and acknowledged its terms, testified before the grand jury on February 8, 2007.

The indictment alleges that on February 8, 2007, Delvalle testified, among other things, as follows:

Q: And so whether it was termination issues or vacation issues or overtime or raises or promotions, I mean, you had no role in that part of [Streets and Sanitation], correct?

A: Correct.

Q: And you had no unofficial role either, correct?

A: Correct.

Q: And the entirety of your involvement as it related to coordinators or for that matter any individual people was getting names of people to check whether or not they made a lottery list?

A: Correct.

* * * *

Q: Other than the lottery list matters that we've discussed, okay, you have never made any attempt through official channels or unofficial channels to assist individuals with job-related benefits at Streets & Sanitation?

A: No, sir.

The indictment alleges that Delvalle's testimony was false in that, he knew that:

- ▶ he participated in a process whereby HDO Southeast Political Coordinators, including HDO Southeast Political Coordinator A, submitted names of HDO participants to Delvalle and others in order to request and obtain job-related benefits on behalf of HDO participants;
- ▶ the process of job-related requests was not limited to Delvalle making inquiries concerning "lottery lists," but in fact included efforts to coordinate and facilitate requests made by individual HDO Southeast participants, for jobs, promotions and transfers in city employment; and
- ▶ Grand Jury Exhibit Delvalle 2 was not a document limited to inquiries concerning lottery lists.

The government is represented by Assistant U.S. Attorneys Manish Shah, Patrick Collins,

Julie Ruder, Barry Miller and Philip Guentert.

If convicted, eight of the nine mail fraud counts against Sanchez carries a maximum penalty of 20 years in prison and a \$250,000 fine, while a single count carries a maximum term of five years in prison. If convicted of perjury, Delvalle faces a maximum penalty of five years in prison and a \$250,000 fine. The Court, however, would determine the appropriate sentence to be imposed.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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